

Oct 29, 2019

Maryland Affordable Housing Conference - OZ panel

- Frank Dickson- DHCD - Moderator
 - Avram Fechter, OX Fibre – Affordable Housing
 - Dr. Robert Cristiano, Georgetown Univ, Church Deal
 - Larry B. Jackson, HUD programs

Agenda

- OZ Overview
 - Resources, Legislation, Incentives
- Deals
 - Affordable Housing –Ox Fibre
 - Church OZ Deal financing structure
- Funding Sources – HUD, State
- Q&A

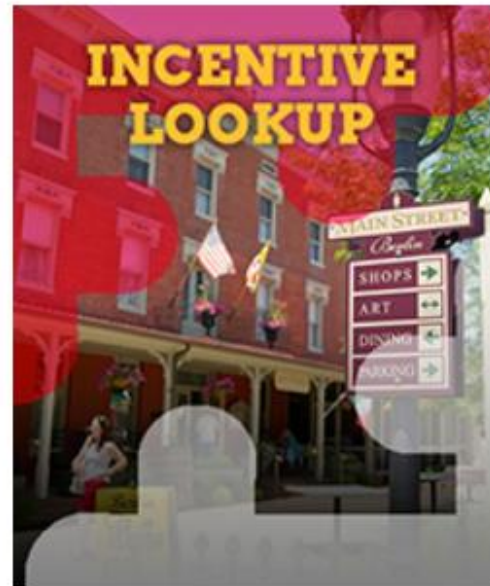
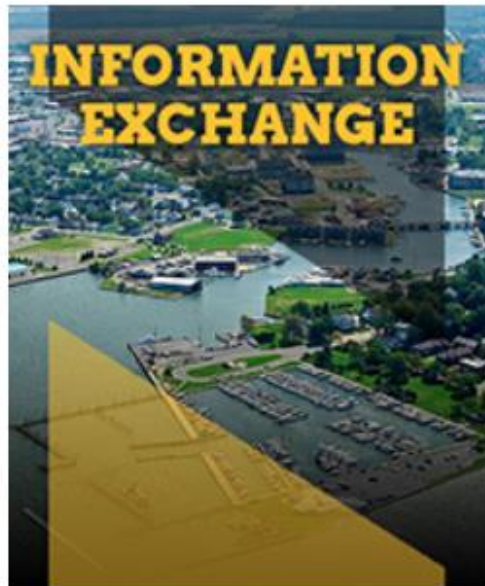
www.dhcd.Maryland.gov



Maryland Opportunity Zones




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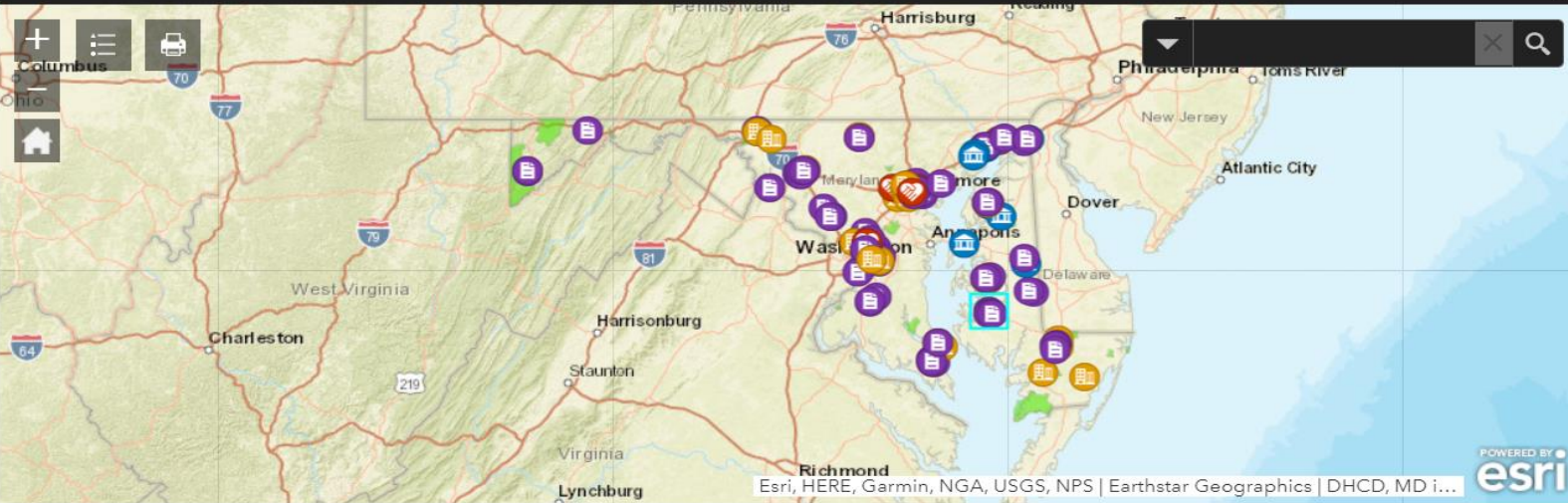


In keeping with Governor Larry Hogan's goal to make Maryland's Opportunity Zones the most competitive and attractive in the nation, the State of Maryland will support Opportunity Zone investment and projects through a wide variety of [programs](#). These proven and effective [resources](#) can assist with all phases of development for a wide variety of projects.

Information Exchange


**OZ Information Exchange**
Maryland Department of Housing and Community Development






+ Add a new OZ listing to the Exchange



Map showing Opportunity Zones in Maryland. Pins indicate various zones across the state, including areas near Washington, Baltimore, and Annapolis. The map is powered by Esri.

Info. Summary

**Listings** 222

-  Business - Optimize Renewables LLC - Washington
-  Business - Frederick Municipal Airport - Frederick
-  Business - Talkie Communications - Kent
-  Business - Jonathan Street Building - Washington
-  Business - 309 N. Washington St. - Worcester


Opportunity Zone
- empty -

Listing Industry is
- empty -

Listing Jurisdiction is
- empty -

Listing Description
developers with staged compatible projects, will be considered. CWDI and the City of Cambridge have site control of 10 acres and anticipate control of remaining 15 acres by Spring 2021.

Listing Financials:
Project Size: \$200,000,000
Debt Opportunity: \$150,000,000
Equity Investment Opportunity: \$50,000,000


[Zoom to](#)

Incentive Lookup Tool

Maryland's Designated Opportunity Zones DHCD's Opportunity Zones Website

Search result
2 N CHARLES ST, BALTIMORE, MD, 21201
[Show more results](#)
[Zoom to](#)

Incentive Lookup

Search by Address or Location on map to view a list of Eligible State Programs within OZ's

2 N CHARLES ST, E X Q

- Strategic Demolition Fund
- Community Legacy
- Neighborhood BusinessWorks
- Maryland Economic Development Assistance A...
- Maryland Industrial Development Financing Au...
- More Jobs for Marylanders
- More Opportunities for Marylanders
- EARN Maryland
- Maryland Research and Development Tax Credit
- Rental Housing Works
- Job Creation Tax Credit
- Cybersecurity Investment Incentive Tax Credit
- Biotechnology Investment Incentive Tax Credit ...

City of Baltimore. VITA. Esri | Garmin | Map data © OpenStreetMap contributor...

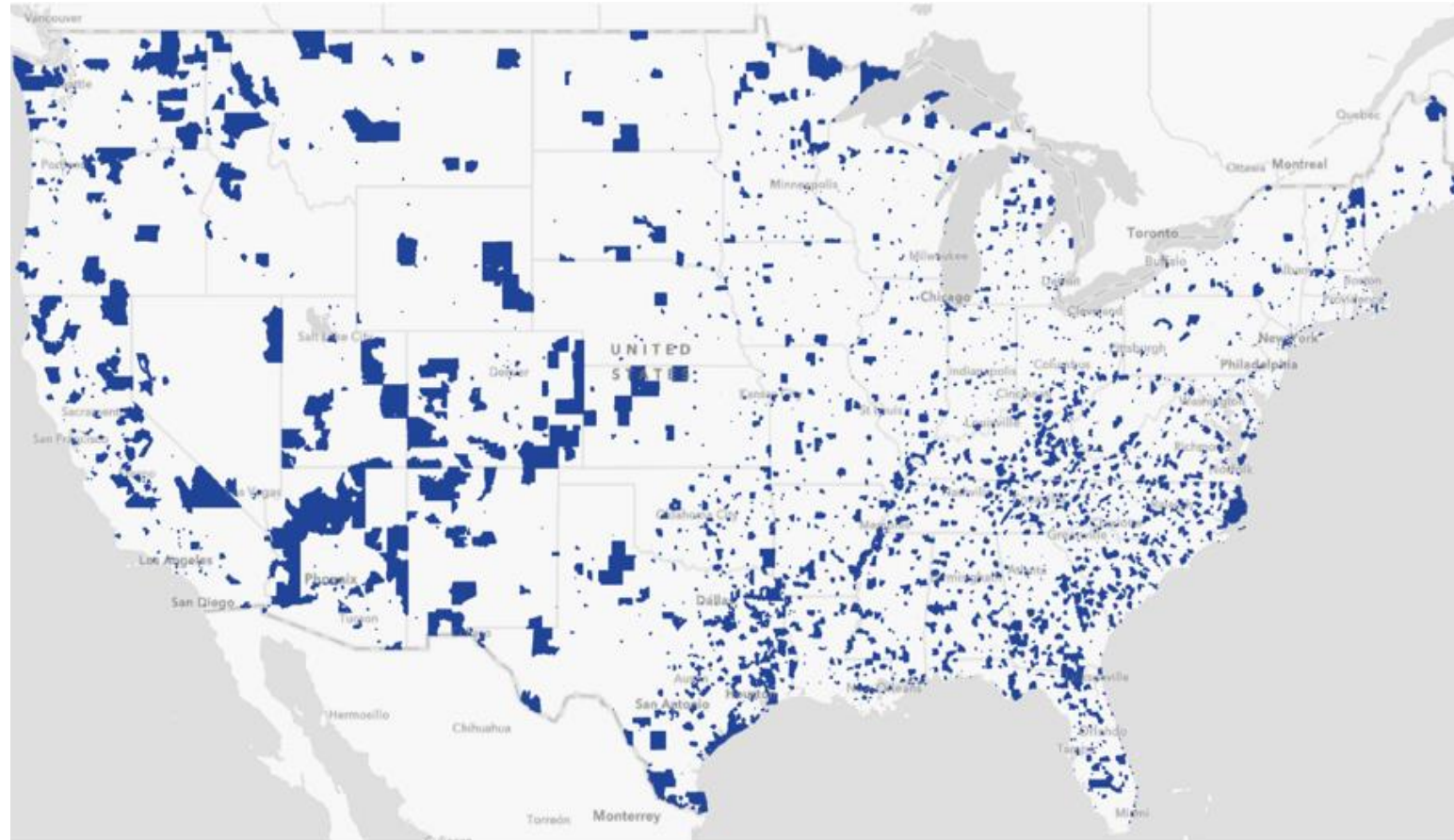
INVESTMENT

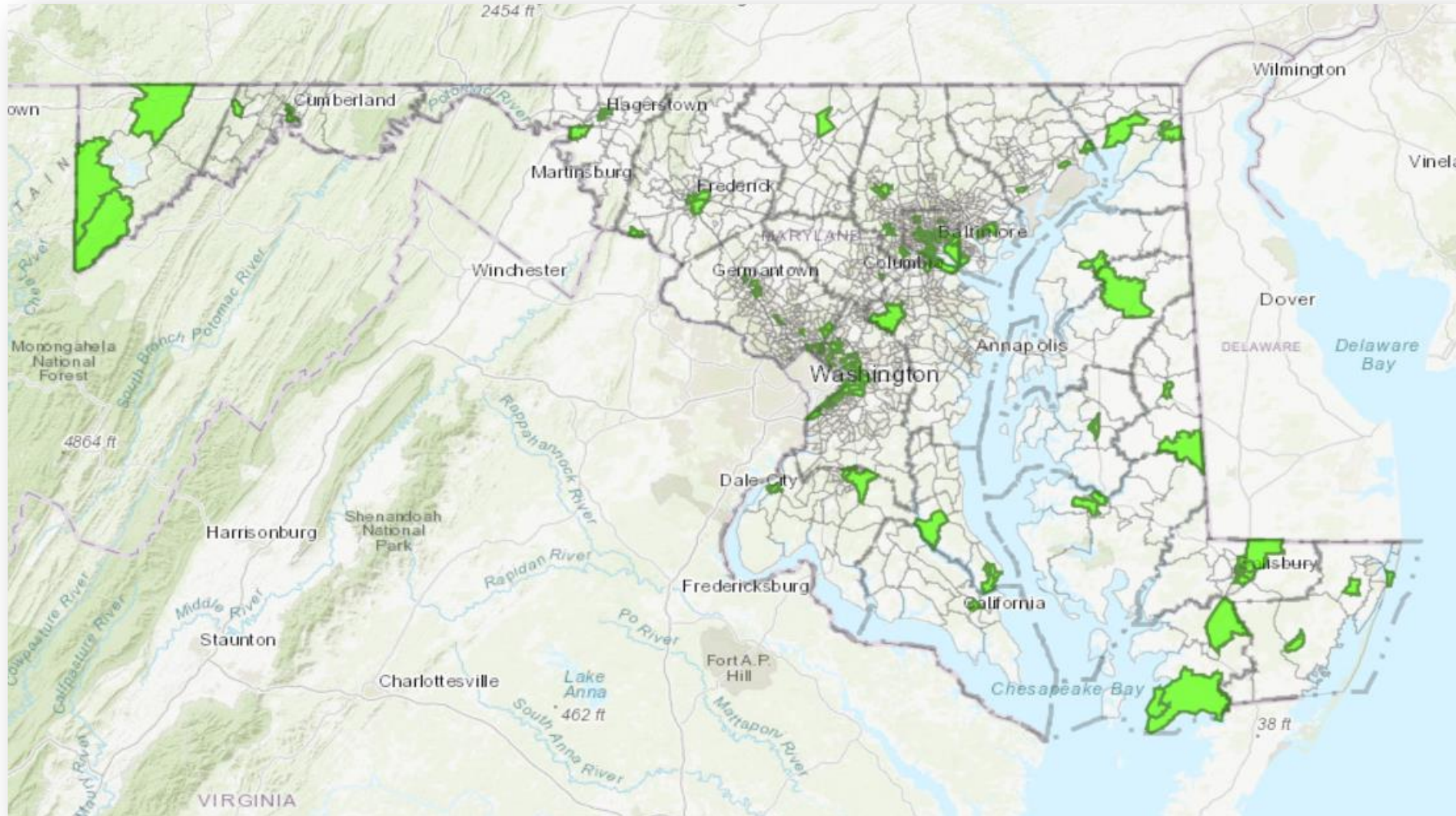
\$6.1 trillion
unrealized capital gains
2017



Investor
(Capital
Gain)

Low Income Census Tracts





Three capital gain incentives

TAX DEFERRAL

- No taxes due until 12/31/2026 or sale of OZ investment.

TAX REDUCTION

- 10% reduction for 5 YR hold.
- Additional 5% reduction for 7 YR hold.
- 12/31/2026 taxes are DUE.

TAX EXEMPTION

- 10 YR hold, 100% exemption on capital gain.



180 days

Investor (Capital Gain)

- Investor elects for deferral by completing IRS **Form 8949**



180 days

OZ Fund (Partnership / Corporation)

- Invest 90% of funds into QOZB
- Funds self certify with IRS **Form 8996**



Single Asset Real Estate

- Substantially improve real estate (100% of Building value)
- 31 month written expenditure plan

- OZ Overview
- **Deals**
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Abandoned brush
factory



83 modern, affordable
apartments

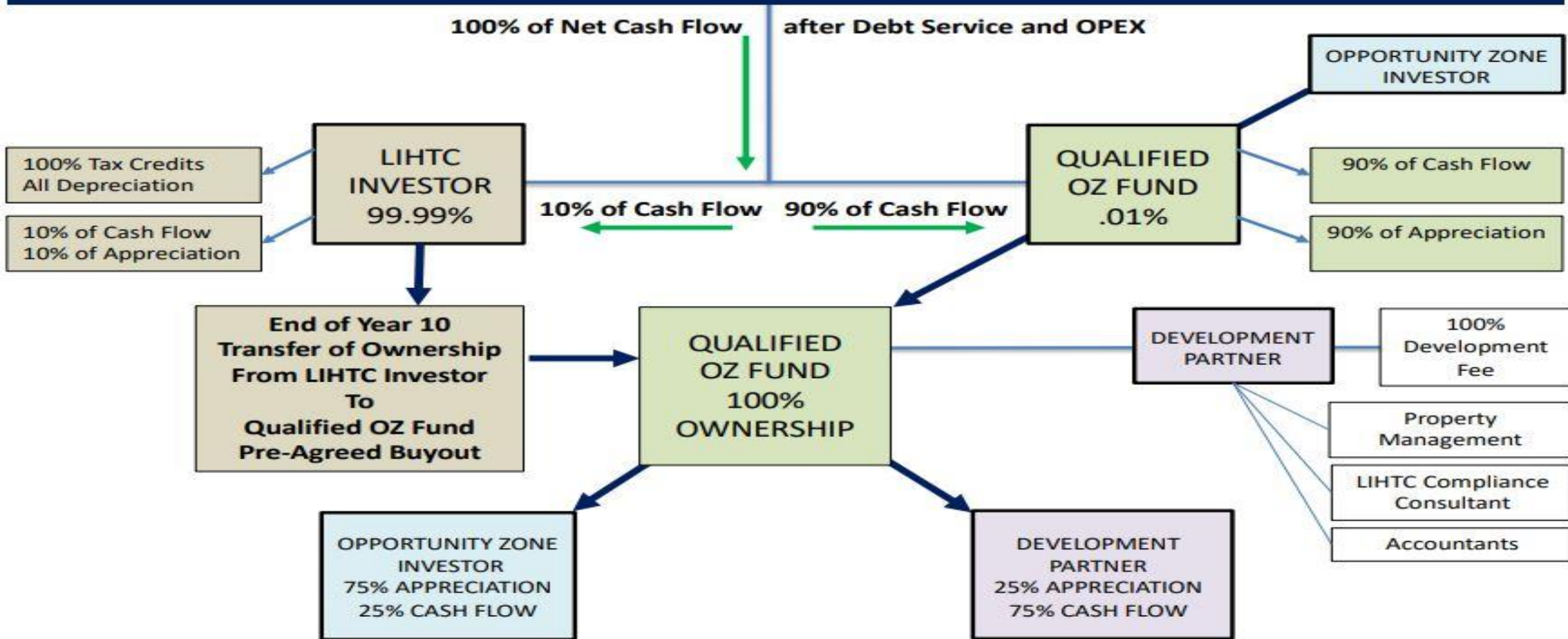
Capital stack OZ equity makes the difference

**3% equity
fills the gap**



| | Perm Budget |
|---|----------------------|
| FHA Debt | \$ 9,345,766 |
| LIHTC/HTC (Federal and State) | \$ 11,452,387 |
| Opp Zone Equity | \$ 850,000 |
| Government Subordinated Debt (County and State) | \$ 3,290,000 |
| NOI/Deferred Fee | \$ 1,316,690 |
| Total Sources | \$ 26,254,843 |
| | |
| Total Construction Costs | \$ 13,875,511 |
| Total Fees | \$ 3,066,966 |
| Total Financing Fees and Charges | \$ 2,661,053 |
| Total Acquisition Costs | \$ 3,303,172 |
| Total Developer Fee | \$ 2,641,056 |
| Total Syndication Related Costs | \$ 139,032 |
| Total Guarantees and Reserves | \$ 548,053 |
| Total Uses of Funds | \$ 26,234,843 |

SAMPLE PROJECT FLOW CHART COMBINING LIHTC AND OPPORTUNITY ZONE INVESTORS



- COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
- HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)
- SECTION 108 LOAN GAURANTEE
- FHA MORTGAGE INSURANCE



OZ PREFERENCE POINTS

- **Choice Neighborhoods Planning Grants Program**
- **Self-Help Homeownership Opportunity Program (SHOP)**
- **Veterans Housing Rehabilitation and Modification Program**
- **Section 4 Capacity Building for Community Development and Affordable Housing Programs**
- **Jobs Plus Initiatives Programs**
- **Indian Housing Block Grant (IHBG) Program**

DHCD

- Neighborhood Business Works
- Rental Housing Works
- Strategic Demolition Fund

COMMERCE

- OZ Enhancement Tax Credits

LABOR

- Opportunity Works , workforce training funds

DHCD – Rental Housing Works

- Gap financing for affordable housing



Q & A

M A R Y L A N D OPPORTUNITY ZONES



Thank You for Coming!

For more information go to:

<https://dhcd.maryland.gov/Pages/OZ/OpportunityZones.aspx>